



TK. 008/2567

Date 29 February 2024

**Subject:** Report of performance results for 2023, net profit decreased 74.9% and total revenue decreased 15.1%

**Attention:** President

The Stock Exchange of Thailand

Thitikorn Public Company Limited and its subsidiaries announced the operating performance for 2023. The net profit was 92.1 million baht which declined by 74.9% from 367.1 million baht compared to the same period last year, and the total revenue was 1,653.9 million baht decreased by 15.1% from 1,947.8 million baht compared to the same period last year.

In 2023, the Bank of Thailand reported that Thai economy grew by 1.9% while Thai export sectors contracted 1.0% due to the global economic slowdown; however, Thai economy has continued to recover since the expansion of private consumption and the recovery of tourism sector. Thailand had 28 million foreign visitors in 2023 with its tourism revenue reached 1.2 trillion baht, which will be beneficial to both employment and the business sector related to the tourism sector. However, Thai economy is still facing negative factors such as the impact on export sector due to global economic slowdown, rising energy price, and the ongoing armed conflicts both Russia-Ukraine and Israel-Palestine. The high inflation, which gradually declined, caused the Central Bank of many countries to raise their policy interest rates much faster and higher than their previous ultra-low policy interest rate, especially in the United States of America, the US Fed Fund Rate has increased from 0-0.25% to 5.25-5.50%, which is the 11th rate hike consecutively and was the highest in 22 years since March 2022. Moreover, the European Central Bank (ECB) raised interest rates for the 10th hike consecutively in 14 months, bringing the Eurozone reference rate to 4.0-4.50%, the highest in 22 years since 2001, while the BOT's policy rate was 2.50% which was the highest in 10 years since October 2013. With these risk factors, the Company remains cautious with its business expansion and more stringent in loan approval for its hire-purchasing business.

In the fourth quarter of 2023, the motorcycle market in Thailand sales were 416,448 units, a decrease of 3.7% from 432,371 units compared to the same period last year. The motorcycle sales were 1,878,655 units, an increase of 4.3% from 1,801,902 units compared to the same period last year, rising for three consecutive years. In addition, the automobile sales in fourth quarter were 188,910 units, a decrease of 12.4% from 215,701 units compared to the same period last year. The automobile sales were 775,780 units, a decrease of 8.7% from 849,395 units compared to the same period last year. This directly has an effect on the company in the following:

1. Total revenue for 2023 was 1,653.9 million baht, or a 15.1% decreased from 1,947.8 million baht in the same period last year. The hire-purchase income for 2023 was 1,204.6 million baht, or a 17.3% decreased from 1,457.2 million baht compared to the same period last year due to the announcement interest rate cap to 23% from the contract committee of the Office of the Consumer Protection Board (OCPB) regarding the provision of hire-purchase businesses for automobiles and motorcycles to be contract-controlled businesses B.E. 2022, which was effective on January 10, 2023. In addition, the Company tightened its loan approval in Thailand to reduce risk until the Bank of Thailand announces official regulations for the supervision of the hire-purchase business, which will be effective in early 2024.

Other income for 2023 was 395.5 million baht, or a 13.9% decreased from 459.3 million baht compared to the same period last year, due to the lower bad debt collection as a result of the current economic situation.

2. Total expense for 2023 was 1,444.7 million baht, a 1.2% increased from 1,427.2 million baht compared to the same period last year.

Total administrative expenses in 2023 were 822.3 million baht, a 23.2% decreased from 1,070.7 million baht compared to the same period last year as the Company managed the administrative cost by using digital technology in each department and prevent redundant processes in order to improve work efficiency.

3. Financial cost for 2023 was 39.7 million baht, a 24.6% increased from 31.8 million baht compared to the same period last year. The Company increased borrowing in its foreign operations in order to mitigate foreign exchange risk. The Company has cash and deposits of approximately 2,179.5 million baht, and the D/E ratio in 2023 was 0.15 times, increasing from 2022 at 0.14 times.

In 2023, the net hire-purchase and loan receivable amount was 3,658.8 million baht, a 12.0% decreased from 4,158.6 million baht compared to the end of 2022, due to a strict credit lending policy since the third quarter of 2022, which is an adjustment of operations to be in line with the announcement from the

contract committee of the Office of the Consumer Protection Board (OCPB) regarding the provision of hire-purchase businesses for automobiles and motorcycles to be contract-controlled businesses B.E. 2022, which was effective on January 10, 2023. Moreover, the Company made allowance for the impairment of accounts receivable to have sufficient reserves. For 2023, the provision was 367.8 million baht; loans which overdue for more than 3 months were 8.0% and the coverage ratio was 113.6%. In comparison, at the end of 2022, the provision was 344.4 million baht, loans which overdue for more than 3 months were 7.0%, and the coverage ratio was 109.8%. As of this quarter, the total assets of the Company were 6,404.7 million baht, a 2.3% decreased from 6,558.3 million baht, compared to the end of 2022, and the total liabilities were 815.8 million baht, a 1.9% increased from 800.5 million baht, compared to the end of 2022.

The Company has adjusted its business operations and strategies to be in line with the changes in the industry, and has controlled the quality of loan receivable since the third quarter of 2022 to better control credit costs or non-performing loans (NPLs), including managing the efficiency of business operations to control operating costs. Besides hire-purchase business, the Company has been launching services after receiving the additional business license for personal loans and nano-finance loans, including the new service launching in 2024 “TK ME” which is an alternative service for consumers who want to use a motorcycle but do not want to own the aforementioned vehicles. With these services, the Company expects to increase its income and reduce the risk of relying only on the motorcycle hire-purchase business, which is expected to benefit its profitability in the medium and long term.

The Company is closely monitoring on both the draft Royal Decree for the Bank of Thailand to regulate the hire-purchase and leasing business of automobile and motorcycle, which will be effective in early 2024, as well as new measures announcement of responsible lending aimed at sustainably addressing household debt problems, which was effective on January 1<sup>st</sup>, 2024. The Company is ready and has prepared its business operations to be complied with the laws and regulations of the Bank of Thailand in order to be legal and beneficial to all stakeholders.

Please be informed accordingly.

Best regards,



(Ms. Prathama Phornprapha)

Director / Managing Director